# Health Policy Commission

Advisory Council Meeting

June 26, 2013

# Agenda

- Welcome: Joyce A. Murphy, Executive Vice Chancellor,
  University of Massachusetts Medical School, Commonwealth Medicine
- Executive Director Report
- Discussion of the Commission's Investment Initiatives
- General Discussion
- Schedule of Next Council Meeting

# HPC Milestones

The first meeting of the Health Policy Commission was held on November 17, 2012. Since then, the HPC has moved quickly to meet its statutory requirements:

**Commission Meetings**

- Held six Commission meetings, with five more scheduled from now until 2014.
- Held seventeen Committee meetings, with four more scheduled in July.
- Generated significant public attendance at all meetings.

**Operations**

- Appointed an Executive Director to supervise the administrative affairs, general management, and operations of the HPC.
- Established an office location at Two Boylston Street, 6th Floor, Boston, MA 02116.
- Began hiring key policy, legal, and operational staff to support the work of the HPC.
- Designated an Advisory Council to the HPC.

**Policy**

- Established the Health Care Cost Growth Benchmark for calendar years 2013 and 2014.
- Adopted regulations necessary for the administration of the one-time $225 million industry assessment and approved mitigation applications.
- Advanced the notice of material change review and CMIR process.
- Initiated first CMIR.
- Issued report on Consumer-Driven Health Plans.
- Finalized transfer of the Office of Patient Protection.
- Finalized mandatory nurse overtime guidelines.

# HPC 2013 implementation update

**First quarter (Jan – Mar)**

- ✓ Appoint an Executive Director
- ✓ Approve the FY13 budget for HPC operations
- ✓ Announce the HPC Advisory Council and hold the first quarterly meeting
- ✓ Begin to develop strategies for engaging constituencies regarding the implementation of Chapter 224
- ✓ Begin working with other state agencies to minimize duplicative requirements
- ✓ Establish state health care cost growth benchmark for total health care expenditures for calendar year 2014
- ✓ Hold a listening session relative to the definition of “emergency situation” for the purposes of allowing mandatory overtime
- ✓ Hold listening session in conjunction with DOI on the registration of provider organizations
- ✓ Issue interim guidance regarding notice of material changes of providers or provider organizations
- ✓ Promulgate regulations and work with the Department of Public Health to ensure the seamless transfer of the Office of Patient Protection to the HPC
- ✓ Promulgate regulations on the administration of the one-time assessment of qualifying hospitals and surcharge payors
- ✓ Research and prepare a report to the legislature on Consumer-Driven Health Plans

**Second quarter (Apr – Jun)**

- ✓ Approve a policy for reviewing notices of material change and initiating a cost and market impact review
- ✓ Begin deliberations on the development of new care delivery models
- ✓ Begin to develop a competitive grant program to enhance the ability of certain distressed community hospitals to implement system transformation
- ✓ Collect the first installment of the one-time assessment
- ✓ Develop key metrics and examination questions for the annual cost trends report
- ✓ Finalize the transfer the Office of Patient Protection
- ✓ Hold a public hearing on draft mandatory nurse overtime guidelines
- ✓ Review and deliberate on the Attorney General’s annual Cost Trends Examination
- ✓ Finalize guidance and procedures relative to mandatory nurse overtime
- ✓ Consider any applications for a waiver or mitigation of the one-time assessment by qualifying hospitals
- ✓ Approve the FY14 budget for HPC operations
- ✓ Hold the second quarterly meeting of the Advisory Council

# Executive Director Report

- **Cost Trends and Market Performance**
  - Cost Trends Report
  - Cost and Market Impact Reviews
- **Quality Improvement and Patient Protection**
  - Mandatory Nurse Overtime
  - Office of Patient Protection (OPP)
- **Care Delivery and Payment System Reform**
  - Patient Centered Medical Homes
  - Innovation Investments
- **Community Health Care Investment and Consumer Involvement**
  - Consumer-Driven Health Plans Report
  - Distressed Hospital Fund

# Takeaways on cost trends from March 26 Advisory Council meeting

- Focus on costliest patients
- Research provider cost structure
- Delivery systems should coordinate care
- Impact of public payer policies
- Focus on behavioral health issues
- Effects of federal policy on physician reimbursements

# Topics of research for 2013 cost trends report

## Section 1: Setting baseline

*Goal: develop a set of metrics/ indicators that allow for the analysis of total health expenditure growth*

- Descriptive statistics
- Decomposition of total health expenditures
- Access and quality
- Market evolution and current landscape

## Section 2: Uncovering drivers

*Goal: explore the drivers of cost growth with specific, targeted questions, both forward and backward looking*

- Care of costliest patients
- Waste in the system
- Impact of market changes
- Provider cost structure

## Section 3: Discussion/next steps

*Goal: discuss implications of our findings/ analyses on future of health care landscape and further areas of study*

## Appendices

- Summary of sister agency reports
- Summary of Health Policy Commission reports (e.g., CDHP report)
- Methodology for analyses
- Key sources of information on Massachusetts health care and costs

# Overview of cost and market impact reviews

**Cost and market impact reviews (CMIRs) can be initiated when…**

1. …a material change "…is likely to result in a significant impact on the commonwealth's ability to meet the health care cost growth benchmark, established in section 9, or on the competitive market."
2. …a provider is identified by CHIA as having excessive growth relative to the benchmark

## What it is

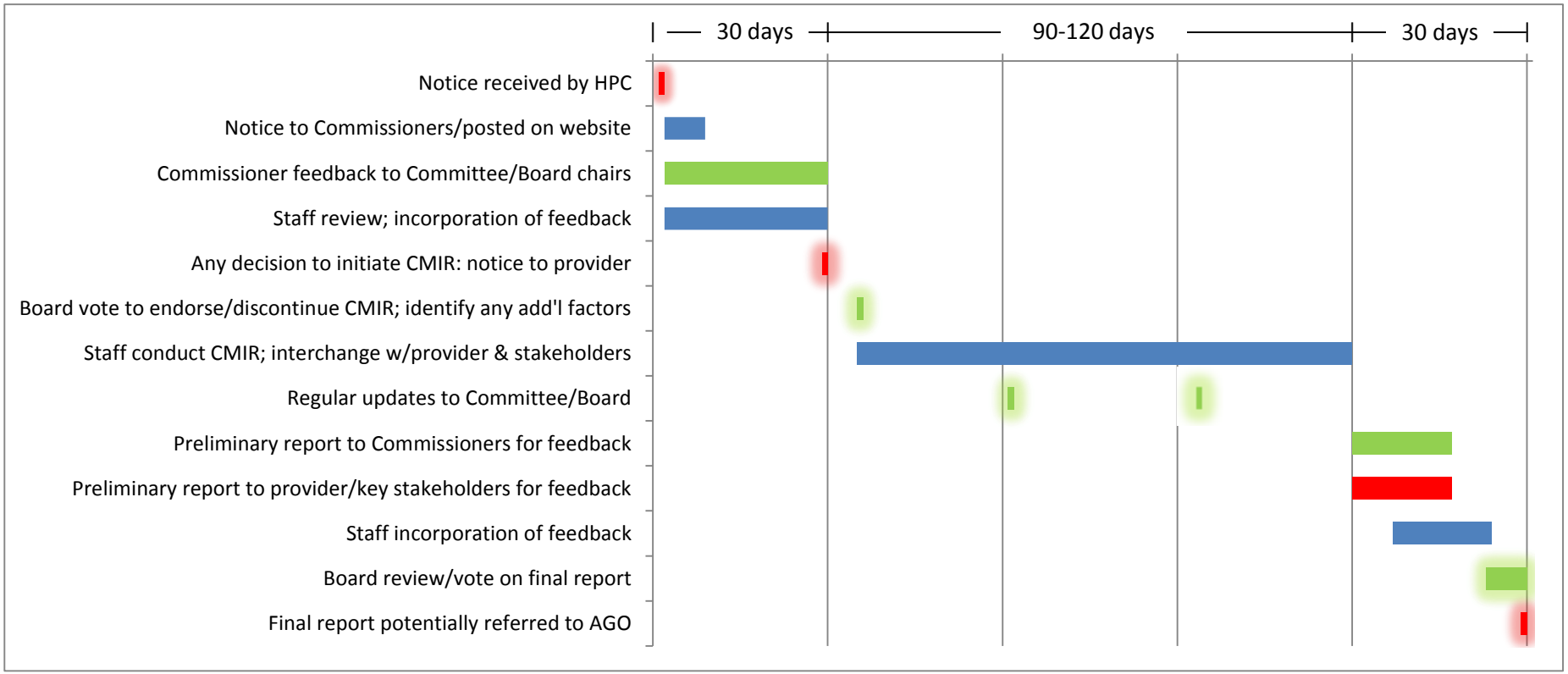
- Comprehensive and multi-factor review of the provider organization and its proposed change
- Following a preliminary report and opportunity for the provider to respond, HPC issues a final public report summarizing its findings
- Potential referral to the Attorney General's Office
- Proposed change cannot be completed until 30 days after the Commission issues its final report

## What it is not

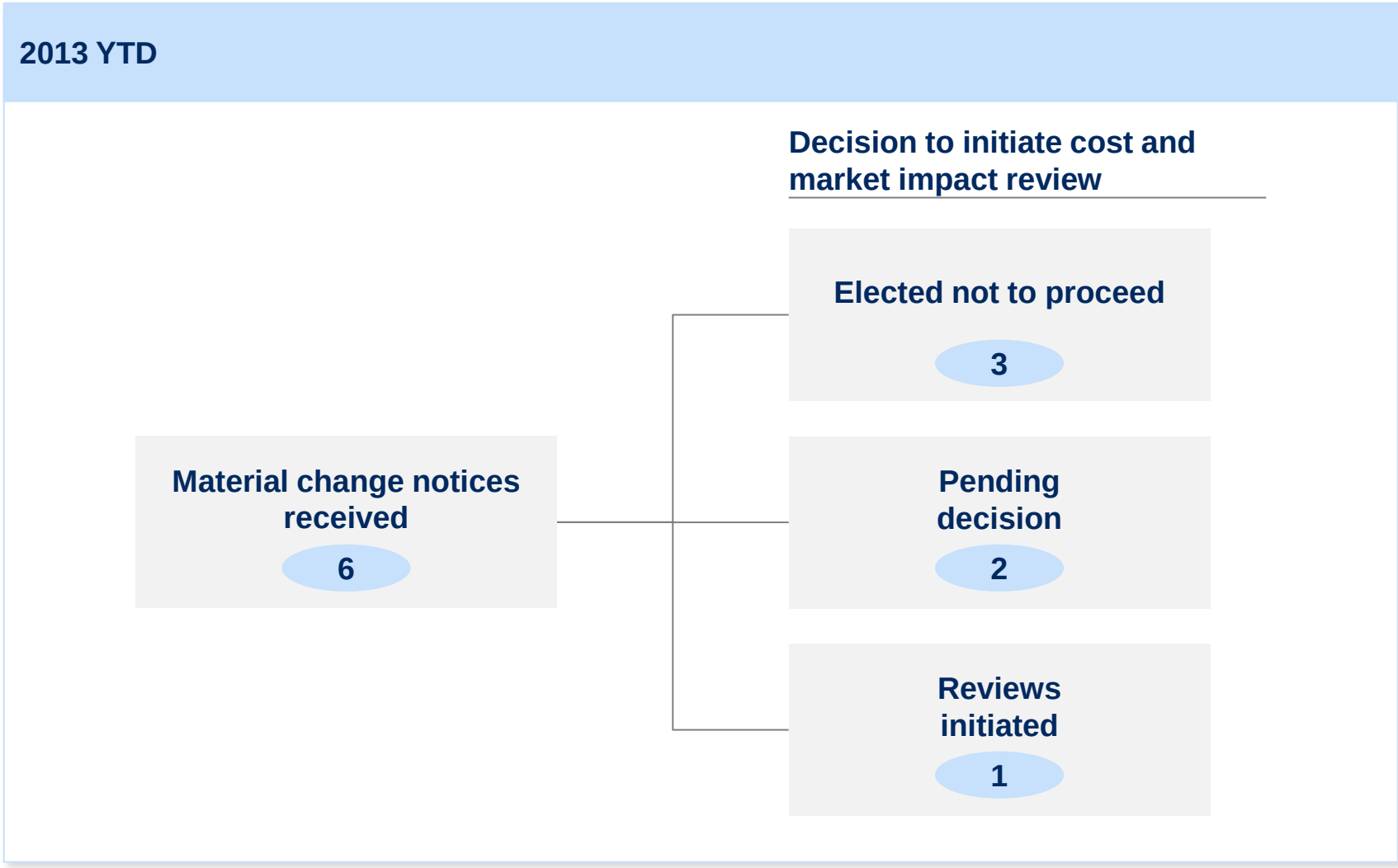
- Differs from Determination of Need reviews by Department of Public Health
- Differs from antitrust or other law enforcement review by state or federal agencies

# Sample timeline for CMIR

= Board
= Staff
= External touch points



# Notices received and reviews initiated



# New law on mandatory nurse overtime

*Section 226 provides in pertinent part that:*

b) Notwithstanding any general or special law to the contrary, a hospital shall not require a nurse to work mandatory overtime except in the case of an emergency situation where the safety of the patient requires its use and when there is no reasonable alternative.

c) Under section (b), whenever there is an emergency situation where the safety of a patient requires its use and when there is no reasonable alternative, the facility shall, before requiring mandatory overtime, make a good faith effort to have overtime covered on a voluntary basis. Mandatory overtime shall not be used as a practice for providing appropriate staffing for the level of patient care required.

**Goals**

- Prohibit the use of mandatory overtime for nurses as a hospital staffing strategy
- Ensure that mandatory overtime is only used in exceptional circumstances, as a last resort
- Protect patient safety

# Role of the Health Policy Commission

- Section 226 (d) specifies that the Health Policy Commission ("Commission") established by section 2 of chapter 6D of the General Laws, "**shall develop guidelines and procedures to determine what constitutes an emergency situation for the purposes of allowing mandatory overtime.**"

- In developing the guidelines, the Commission is required to "consult with employees and employers who would be affected by such a policy" and also "to solicit comment from those same parties through a public hearing."

# Process for developing guidelines

| | |
|---|---|
| **Listening Session - QIPP Committee meeting**<br>– 200 attendees<br>– Testimony from labor unions representing nurses and other workers, hospitals, nurse leaders/executives and community organizations | Feb 22, 2013 |
| **Staff Research and Analysis** | Spring 2013 |
| **QIPP Committee Meeting discussion** | Apr 3, 2013 |
| **Health Policy Commission meeting** | Apr 24, 2013 |
| **Public Hearing**<br>– Testimony from nurses and hospital representatives<br>– Received additional written testimony through 5/10/13 | Apr 26, 2013 |
| **QIPP Committee Meeting discussion** | Jun 10, 2013 |
| **Health Policy Commission meeting**<br>– Adopt Guidelines | Jun 19, 2013 |

# Guidelines for determining what constitutes an emergency situation

- An emergency situation for the purposes of allowing mandatory overtime under Section 226 means an unforeseen event that could not be prudently planned for or anticipated by a hospital and affects patient safety in the hospital and where there is a:
  - Government declaration of emergency
  - Catastrophic event
  - Hospital emergency

- Mandatory overtime shall not be ordered in the case of an emergency situation where there is a reasonable alternative to such overtime.

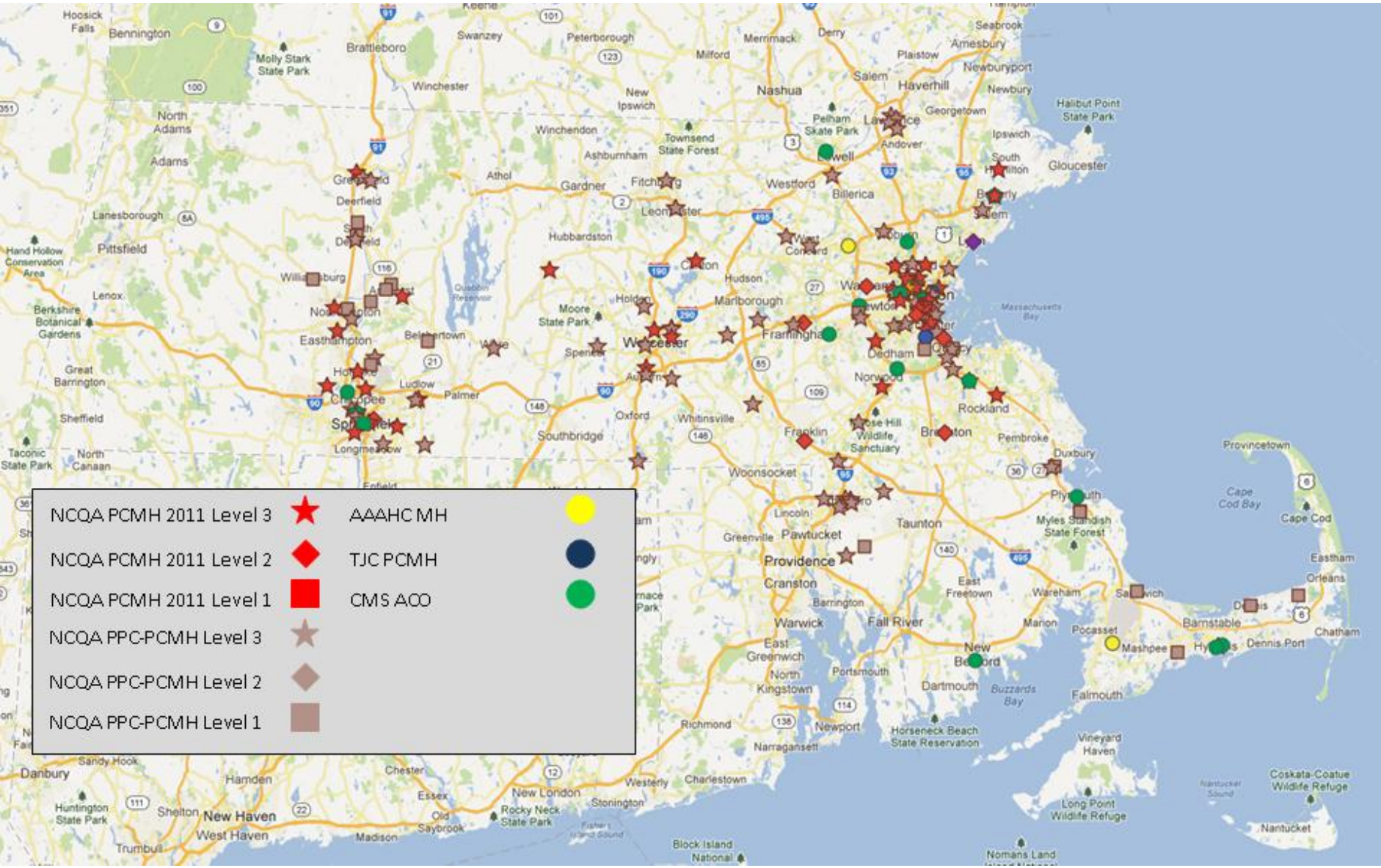
- Where an unexpected vacancy occurs despite a hospital's implementation of a reasonable alternative, the hospital is required to exercise a good faith effort to fill the shift on a voluntary basis.

- A determination that an emergency situation that affects patient safety in the hospital exists shall be made by a hospital's chief executive officer or a specific senior management designee and must be reasonable under the circumstances.

# OPP update

- Transfer from the Department of Public Health to HPC on April 20, 2013
- Adoption of regulations
- ACA compliance legislation

# Massachusetts – Medical Homes and ACOs

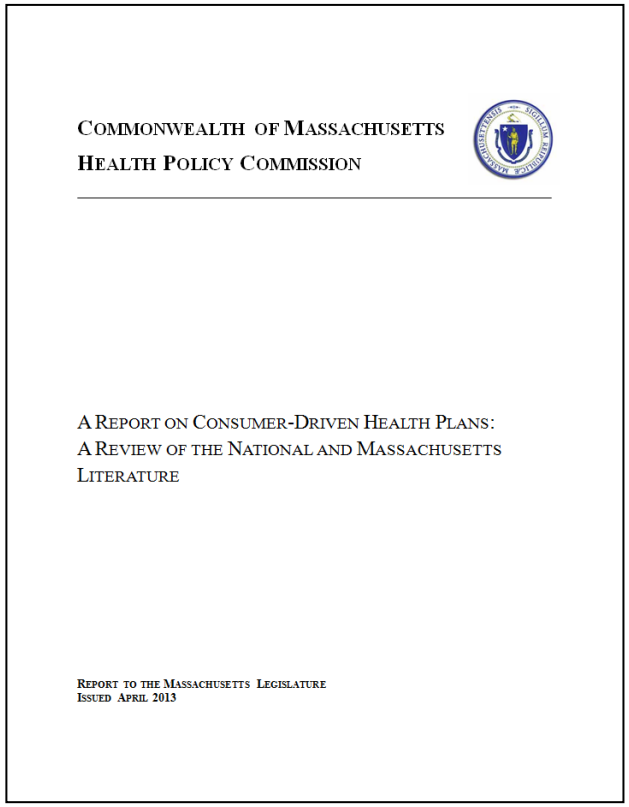



Source: Primary address of PCMH accredited practice sites and CMS ACOs in MA

# Next steps and considerations for “certifying” medical homes

- Identify core standards and criteria for HPC certification program
- Consider performance thresholds for HPC integration priorities
- Develop eligibility and pathway for certification
- Explore payment model systems and recommendations
- Design framework for HPC care delivery and innovation programs
- Define collaboration opportunities with PCPR and SIM
- Recommend approach and timeline for HPC PCMH certification

# Report on Consumer-Driven Health Plans


COMMONWEALTH OF MASSACHUSETTS
HEALTH POLICY COMMISSION

A REPORT ON CONSUMER-DRIVEN HEALTH PLANS:
A REVIEW OF THE NATIONAL AND MASSACHUSETTS LITERATURE

REPORT TO THE MASSACHUSETTS LEGISLATURE
ISSUED APRIL 2013

- Issued on April 1, 2013
- Available from: http://www.mass.gov/anf/docs/hpc/health-policy-commission-section-263-report-vfinal.pdf

## Key findings

- Theory of CDHPs is to provide added financial incentives for consumers to be more active value purchasers
- Literature to date focuses primarily on consumer behavior for those enrolled in CDHPs
  - Massachusetts-specific data is limited
- Studies suggest some reduction in the use of medical services by participants of CDHPs
  - Not yet clear what impact such reductions have on longer-term health outcomes or on total medical spending over many years

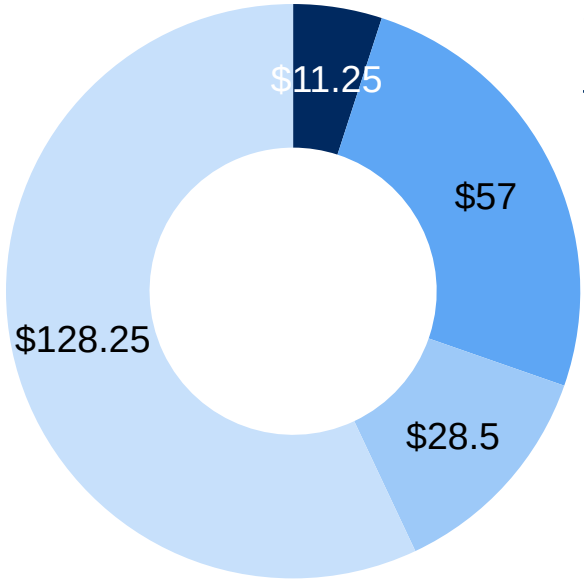
## Areas of future research

- Understanding the Massachusetts landscape for the current and future use of CDHPs
- Comprehending the dynamics of intermediaries (employers, payers and brokers) that are influencing the take-up of CDHPs
- Gaining knowledge of provider organizations' considerations that are affecting consumers' decisions to switch providers based on price

# What is regulation 958 CMR 2.00?

## Relative to the One-Time Assessment

**Purpose of 958 CMR 2.00**: to describe the determination, payment and enforcement of the one-time assessment on certain qualifying hospitals and surcharge payors in accordance with the purposes set forth in Chapter 224.




**One-time Assessment Distribution**
100% = $225 million

- Health Care Payment Reform Fund
- Prevention and Wellness Trust Fund
- e-Health Institute Fund
- Distressed Hospital Fund

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# Investment in Community Health Care

## Establishment of Distressed Hospital Trust Fund

- Section 2GGG of Chapter 224
- Funded by one-time assessment
- Total amount of $128.25 million
  - Less if waiver or mitigation provided to qualifying acute hospitals
- Unexpended funds may to be rolled-over to the following year and do not revert to the General Fund
- Competitive proposal process to receive funds
- Strict eligibility criteria

## Purposes of Distressed Hospital Trust Fund

1. Improve and enhance the ability of community hospitals to serve populations efficiently and effectively
2. Advance the adoption of health information technology
3. Accelerate the ability to electronically exchange information with other providers in the community to ensure continuity of care
4. Support infrastructure investments necessary for the transition to alternative payment methodologies
5. Aid in the development of care practices and other operational standards necessary for certification as an ACO
6. Improve the affordability and quality of care

# Distressed Hospital Trust Fund – FY13 and FY14

- The one-time assessment is expected to generate approximately $74.2 million by June 30, 2013.
  - The amount to be deposited into the DHTF is $39.9 million, representing approximately 1/3 of the four-year total, as many surcharge payers opted for the “one lump sum” payment option.
- This is the total amount that will be available for distribution until the second year of the assessment is collected (June 30, 2014).
- The amounts in years 2-4 will be $26.3 million annually.
- Unexpended funds may be rolled over to the following year and do not revert to General Fund.

# Distressed Hospital Trust Fund - Proposed Timeline

## Jun – Aug 2013

- Present draft regulations and preliminary program design to CHICI committee (July 10)
- Approve draft regulations and preliminary program design at full Commission meeting (July 25)
- Public hearings on regulations
- Stakeholder input

## Aug – Oct 2013

- Approve final regulations and program design
- Release RFR for Phase One Grants
- Letters of Intent/Respond to inquiries
- Bidder's Conference
- Explore opportunities for external funding

## Nov – Dec 2013

- Notification of awards
- Project launch for grantees
- Disbursement of Phase One Grants
- Technical assistance to hospitals

# Innovation Investment Program

- The HPC is charged with establishing the Innovation Investment Program, a first-of-its-kind competitive grant program to support payment and delivery system transformations.

- Assistance from the HPC may take a variety of forms, including incentives, grants, technical assistance, evaluation assistance or partnerships.

- The program's broad scope, novel approach and flexibility presents a unique opportunity to support health care organizations' development, implementation or evaluation of promising models in health care payment and health care service delivery.

# Innovation Investment Program

All expenditures from the fund must support the Commonwealth's efforts to meet the health care cost growth benchmark and one of the following goals:

- Support safety-net provider and disproportionate share hospital participation in new payment and health care payment and service delivery models;
- Support the successful implementation of performance improvement plans by health care entities;
- Support cooperative efforts between representatives of employees and management that are focused on controlling costs and improving the quality of care through workforce engagement;
- Support the evaluation of mobile health and connected health technologies to improve health outcomes among under-served patients with chronic diseases;
- Develop the capacity to safely and effectively treat chronic, common, and complex diseases in rural and underserved areas and to monitor outcomes of those treatments; and,
- Any other goals as determined by the Commission.

**AVAILABLE ANNUAL FUNDING: $5 MILLION - $10 MILLION**

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# Schedule of next meeting

## HPC Advisory Council Meetings

**When**: Wednesday, September 25, 2013 from 12:00pm – 2:00pm
Tuesday, December 10, 2013 from 12:00pm – 2:00pm

**Where**: Locations To Be Announced

# Contact information

For more information about the Health Policy Commission:

- Visit us: http://www.mass.gov/hpc
- Follow us: @Mass_HPC
- E-mail us: HPC-Info@state.ma.us